

**BHM CAPITAL FINANCIAL SERVICES PSC**

**DIRECTORS' REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

**BHM CAPITAL FINANCIAL SERVICES PSC**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

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Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report together with the audited consolidated financial statements of BHM Capital Financial Services PSC for the year ended 31 December 2025.

The year 2025 was another strong and successful period for the Group, marked by solid operational performance and continued financial growth. The Group reported a net profit of AED 43 million, compared to AED 37 million in 2024, reflecting the effectiveness of our strategy and the strength of our core business activities.

Despite geopolitical uncertainties and heightened tensions across the Middle East, the Group demonstrated resilience and maintained its growth trajectory. Management's proactive approach, disciplined risk management, and focus on operational excellence enabled the Group to navigate a challenging environment while sustaining its consistent track record of performance.

Signed on behalf of the Board



Abdel Hadi Al Sadi  
CEO

Date: 12 March 2026



## Independent Auditor's Report To the Shareholders of BHM Capital Financial Services PSC

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of BHM Capital Financial Services PSC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Independent Auditor's Report**
**To the Shareholders of BHM Capital Financial Services PSC**
**Report on the Audit of the Consolidated Financial Statements (continued)**
**Key Audit Matters (continued)**

Description of Key Audit Matters	How the Matter was Addressed in our Audit
<p><b>Impairment assessment of Goodwill</b></p> <p>As disclosed in Note 3 to the consolidated financial statements, the Group had recognized goodwill amounting to AED 38,379,061 as at 31 December 2025, arising from business combinations in 2016. In accordance with IAS 36 Impairment of Assets, goodwill is required to be tested annually for impairment, or more frequently if indicators of impairment exist.</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the inherent uncertainty associated with forecasting future cash flows, reasonably possible changes in these assumptions could result in a material impact on the outcome of the impairment assessment to determine the recoverable amount of the asset.</p> <p>The recoverable amount is modelled using several key assumptions, including estimated trade volumes and prices, operating cost, terminal growth rates and forecasted profit or loss (discount rate).</p>	<p>We have performed the following audit procedures on the valuation of Goodwill included in the Group's consolidated statement of financial position as at 31 December 2025:</p> <ul style="list-style-type: none"> <li>➤ Obtained and tested the impairment assessment of goodwill performed by the management;</li> <li>➤ Evaluated the appropriateness of assumptions applied to key inputs such as revenue, operating cost, discount rate and growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and industry;</li> <li>➤ Assessed the reasonableness of key assumptions used in the cash flow forecasts by: <ul style="list-style-type: none"> <li>• Comparing forecast results with the historical performance of the subsidiary;</li> <li>• Assessing consistency with the Group's approved budgets and business plans; and</li> <li>• Considering external market and industry information, where relevant.</li> </ul> </li> <li>➤ Performed sensitivity analysis, which included the assessment of the effect of reasonable possible reductions in growth rates and forecast cash flows to evaluate the impact;</li> <li>➤ Involved our valuation experts to assist us in evaluating the assumptions and methodologies used by the Group; and</li> <li>➤ Evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.</li> </ul>

## **Independent Auditor's Report**

**To the Shareholders of BHM Capital Financial Services PSC**

**Report on the Audit of the Consolidated Financial Statements (continued)**

### **Other Information**

The Board of Directors of the Group is responsible for the other information. The other information comprises the Directors' report of the Group but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Directors' report prior to the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of UAE Federal Decree-Law No. (32) of 2021 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Independent Auditor's Report  
To the Shareholders of BHM Capital Financial Services PSC****Report on the Audit of the Consolidated Financial Statements (continued)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report On Other Legal And Regulatory Requirements**

Furthermore, as required by the UAE Federal Decree-Law No. (32) of 2021 (as amended), we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021 (as amended);
- iii) The Group has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Group;
- v) Note 7 to the consolidated financial statements discloses the Group's investment in securities during the year ended 31 December 2025;

**Independent Auditor's Report  
To the Shareholders of BHM Capital Financial Services PSC**

**Report On Other Legal And Regulatory Requirements (continued)**

- vi) Note 9 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) The Group has not made any social contribution during the financial year ended 31 December 2025; and
- viii) Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 (as amended) or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025.

**GRANT THORNTON UAE**

  
**Dr Osama El Bakry**  
**Registration No. 935**  
**Dubai, United Arab Emirates**



**12 March 2026**

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

	Notes	2025 AED	2024 AED
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill and other intangible assets	3	39,799,545	40,642,463
Property and equipment	4	8,072,293	6,938,314
Right-of-use asset	5(a)	249,265	521,190
Deferred tax assets	20	4,507	-
Investment properties	6	2,766,020	-
<b>Total non-current assets</b>		<u>50,891,630</u>	<u>48,101,967</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit and loss	7	524,408,170	101,480,071
Trade and other receivables	8,24	1,104,738,505	1,106,597,892
Short term deposit under lien	12(c)	65,050,000	32,133,524
Cash and bank balances	10	269,040,764	247,797,429
<b>Total current assets</b>		<u>1,963,237,439</u>	<u>1,488,008,916</u>
<b>Total assets</b>		<u>2,014,129,069</u>	<u>1,536,110,883</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	400,000,000	173,431,068
Legal reserve	11(a)	19,112,552	14,804,882
Fair value reserve		(4,954,500)	(8,824,239)
Retained earnings		95,077,559	84,028,540
<b>Total equity</b>		<u>509,235,611</u>	<u>263,440,251</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – non-current portion	12	-	1,374,507
Employees' end of service benefits	13	7,578,044	6,528,885
Lease liability – non-current portion	5(b)	-	171,992
Deferred tax liability		4,262	-
<b>Total non-current liabilities</b>		<u>7,582,306</u>	<u>8,075,384</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14,24	873,444,030	875,817,104
Bank borrowings – current portion	12	619,436,467	384,827,059
Corporate tax	20	4,267,788	3,670,015
Lease liability – current portion	5(b)	162,867	281,070
<b>Total current liabilities</b>		<u>1,497,311,152</u>	<u>1,264,595,248</u>
<b>Total equity and liabilities</b>		<u>2,014,129,069</u>	<u>1,536,110,883</u>

The consolidated financial statements were authorized and approved for issue by the Board of Directors on 12 March 2026 and signed on their behalf by:

  
\_\_\_\_\_  
Shaikh Dr. Ammar Nasser Ahmad Nasser Al Mualla  
Chairman

  
\_\_\_\_\_  
Abdel Hadi AL Sadi  
CEO

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
<b>INCOME</b>			
Income from margin trading	8.1	103,308,468	85,632,619
Commission and advisory income	16	65,706,194	55,841,494
Finance income		1,220,162	2,841,800
Fair value gain on investment properties	6	47,360	-
Other income	17	35,700,266	18,317,890
		<u>205,982,450</u>	<u>162,633,803</u>
<b>EXPENSES</b>			
General and administrative expenses	18	(94,393,942)	(88,664,566)
(Reversal) / Provision for allowance for receivables	8	(50,074)	1,913,268
Financial charges	12	(64,179,850)	(34,733,691)
		<u>(158,623,866)</u>	<u>(121,484,989)</u>
<b>PROFIT BEFORE TAX</b>		<u>47,358,584</u>	<u>41,148,814</u>
Corporate tax	20	(4,281,884)	(3,670,015)
<b>PROFIT FOR THE YEAR</b>		<u>43,076,700</u>	<u>37,478,799</u>
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Other comprehensive loss		-	-
Net other comprehensive loss not to be reclassified subsequently to profit or loss		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>43,076,700</u>	<u>37,478,799</u>
<b>Basic and diluted profit/earnings per share (AED per share)</b>	19	<u>0.176</u>	<u>0.219</u>

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year ended 31 December 2025

	Share capital AED Note 11	Treasury shares AED Note 11(a)	Legal reserve AED Note 11(a)	Fair value reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2024	173,431,068	(12,980,210)	11,057,003	(8,824,239)	63,738,527	226,422,149
<u>Comprehensive income</u>	-	-	-	-	37,478,799	37,478,799
Profit for the year	-	-	-	-	37,478,799	37,478,799
<i>Other comprehensive income for the year</i>	-	-	-	-	-	-
Change in investment at fair value through other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	37,478,799	37,478,799
<u>Transactions with owners:</u>	-	-	-	-	-	-
Distribution of dividend	-	-	-	-	(13,440,907)	(13,440,907)
Disposal of treasury shares	-	12,980,210	-	-	-	12,980,210
Transfer to legal reserve	-	-	3,747,879	-	(3,747,879)	-
Balance at 31 December 2024	173,431,068	-	14,804,882	(8,824,239)	84,028,540	263,440,251
Balance at 1 January 2025	173,431,068	-	14,804,882	(8,824,239)	84,028,540	263,440,251
<u>Comprehensive income</u>	-	-	-	-	43,076,700	43,076,700
Profit for the year	-	-	-	-	43,076,700	43,076,700
<i>Other comprehensive income for the year</i>	-	-	-	-	-	-
Change in investment at fair value through other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	43,076,700	43,076,700
<u>Other movements in equity:</u>	-	-	-	-	-	-
Transfer to fair value reserve from retained earnings	-	-	-	1,151,079	(1,151,079)	-
Recognition of investment in properties	-	-	-	2,718,660	-	2,718,660
<u>Transactions with owners:</u>	-	-	-	3,869,739	(1,151,079)	2,718,660
Issuance of new shares	200,000,000	-	-	-	-	200,000,000
Issuance of bonus shares	26,568,932	-	-	-	(26,568,932)	-
Transfer to legal reserve	-	-	4,307,670	-	(4,307,670)	-
Balance at 31 December 2025	400,000,000	-	19,112,552	(4,954,500)	95,077,559	509,235,611

Balances in (brackets) indicate debit amounts

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year ended 31 December 2025

	Notes	2025 AED	2024 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the year before tax		47,358,584	41,148,814
<u>Adjustments for:</u>			
Depreciation	18	1,639,983	1,573,260
Depreciation on right-of-use asset	18	271,925	271,925
Amortization of intangible assets	18	1,063,238	811,667
Interest expense on lease liability	5(b)	76,256	134,019
Unrealised gain on investments	7	(300,897)	962,729
Fair value gain on investment properties	6	(47,360)	-
Interest on bank borrowings		60,390,708	33,118,780
Interest income on deposits		(1,220,162)	(2,841,800)
Exchange gain	17	(1,516,358)	(1,562,787)
Addition / (reversal) of provision	8.2	50,074	(1,913,268)
Provision for employees' end of service benefits	13	2,179,422	2,111,733
Operating profit before working capital changes		109,945,413	73,815,072
Change in short term deposit under lien		(32,916,476)	35,967,476
Change in trade and other receivables		1,809,313	(354,152,001)
Change in trade and other payables		(21,059,217)	298,382,238
Gross cash flow generated from operating activities		57,779,033	54,012,785
Less: employees' end of service benefits paid	13	(1,130,263)	(16,723)
Less: tax paid		(4,281,884)	(3,670,015)
Less: deferred tax		(245)	-
Net cash flow generated from operating activities		<u>52,366,641</u>	<u>50,326,047</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(2,773,962)	(480,046)
Purchase of goodwill and other intangible assets	3	(220,320)	(519,480)
Purchase of financial assets at fair value through profit and loss	7	(422,627,202)	(99,594,062)
Interest received on deposits		1,220,162	2,841,800
Net cash flow used in investing activities		<u>(424,401,322)</u>	<u>(97,751,788)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of bank borrowings		(2,091,645)	(717,135)
Interest paid on bank borrowings		(60,390,708)	(33,118,780)
Issuance of new shares		200,000,000	-
Disposal of treasury shares		-	12,980,210
Addition / (repayment) of bank facility		120,000,953	(20,000,953)
Distribution of dividend		-	(13,440,907)
Additions of short-term loan		115,325,591	62,410,876
Repayment of lease liability	5(b)	(366,451)	(342,250)
Net cash flow generated from financing activities		<u>372,477,740</u>	<u>7,771,061</u>

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the Year ended 31 December 2025

		2025 AED	2024 AED
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Exchange gain	17	443,059	(39,654,680)
		<u>1,516,358</u>	<u>1,562,787</u>
Net increase / (decrease) in cash and cash equivalents after exchange gain		1,959,417	(38,091,893)
Cash and cash equivalents at 1 January		<u>479,265</u>	<u>38,571,158</u>
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>		<u>2,438,682</u>	<u>479,265</u>
<u>Represented by:</u>			
Cash and bank balances		269,040,764	247,797,429
Customers' deposits	10	<u>(266,602,082)</u>	<u>(247,318,164)</u>
<b>Cash and cash equivalents at the end of year</b>		<u>2,438,682</u>	<u>479,265</u>

The attached notes 1 to 25 form an integral part of the consolidated financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year ended 31 December 2025

**1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

BHM Capital Financial Services PSC (Previously known as "Al Safwa Islamic Financial Services") ("the Company") was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No.25 of 2001 superseded by Federal Decree-Law No. (32) of 2021 (as amended) ("Commercial Companies Law").

The principal activity of the Company, regulated by Capital Market Authority ("CMA"), is to act as an intermediary in dealings in shares, stocks, debentures and other securities including margin trading.

The below are the details of the subsidiaries held directly by the Group:

Name of subsidiary	Country of Incorporation	Principal activity	Proportion of ownership interests held by the Group at period-end	
			2025	2024
Beta Tera Investment LLC	UAE	Investment Management	100%	-
Al Safwa Capital LLC	UAE	Investment properties	100%	100%

On 21 April 2025, the shareholders of the Group, through a resolution passed at the Annual General Meeting, approved the issuance of 26,568,932 bonus shares to existing shareholders. Following this, the shareholders also approved an increase in the Group's share capital from AED 200 million to AED 400 million. Pursuant to this resolution, capital increase was affected during the year through the issuance of new shares.

On 26 August 2024, the shareholders of the Group approved the acquisition of Al Waqan Capital Investment LLC through a Special Resolution in the Company's General Assembly meeting. This acquisition involves purchasing 100% of the equity interest in Al Waqan Capital Investment LLC by increasing the capital through the issuance of new shares in the Group to the shareholders of Al Waqan Capital Investment LLC in exchange for in-kind shares of Al Waqan Capital Investment LLC. However, on 21 April 2025, the shareholders of the Group, through a resolution passed at the Annual General Meeting, resolved to postpone the acquisition of Al Waqan Capital Investment LLC for further consideration by the general assembly.

The registered office of the Company is P.O. Box 26730, Dubai, United Arab Emirates.

The consolidated financial statements have been approved by Board of Directors on 12 March 2026.

**2 MATERIAL ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

**Statement of compliance**

The consolidated financial statements have been prepared on going concern basis and in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and the requirements of the local laws and regulations.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.1 BASIS OF PREPARATION** *(continued)*

**Accounting convention**

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and investment properties.

**Functional and presentation currency**

The consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the Group's functional currency.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 December 2025 & 31 December 2024 for comparative. Control is achieved where all the following criteria are met:

- a) The Company has power over an entity;
- b) The Company has exposure, or rights, to variable returns from its involvement with the entity; and
- c) The Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/payable or received/receivable is recognised directly in equity and attributed to owners of the Group. When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**Basis of consolidation *(continued)***

subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 (IFRS 9 Financial instruments) issued in 2010, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**2.2 Changes in accounting policies and disclosures**

**a) New or revised Standards or Interpretations**

**i) New Standards adapted as at 1 January 2025**

The Standards and amendments that are effective for the first time in 2025 and could be applicable to the Group are:

- Lack of Exchangeability (Amendments to IAS 21)
- ii) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group:**

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS Accounting Standards
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the year of initial application and therefore no disclosures have been made.

As at the of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first year beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

**2.3 Summary of material accounting policies**

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

**Current versus non-current classification**

The Group presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 Summary of material accounting policies (continued)**

**Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or  
There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Group classifies all other liabilities as non-current

**Intangible assets**

*Goodwill*

Goodwill that arises on business combination is presented with intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Accounting policies for initial recognition and subsequent measurement of separately acquired intangible assets which comprise of customer relationship and software.

*Amortization*

Customer relationships and software are amortized over their estimated useful life as follows:

	<b>Years</b>
Client relationships	10
Software	3-4

**Property and equipment and depreciation**

Property and equipment are initially recorded at cost. Cost includes the purchase price and related expenses. Subsequent to initial recognition as an asset, each asset is carried at cost-less accumulated depreciation less any impairment losses.

Depreciation is provided on all property and equipment, at rates calculated to write off the cost, less estimated recoverable value based on prices prevailing at the date of acquisition of each asset, over its expected useful life.

Expected future cash flows are not discounted to their present values in determining the recoverable amount of items of fixed assets. The useful lives of the fixed assets are estimated as follows:

	<b>Years</b>
Furniture and fixtures	8
Computer equipment	4
Office Equipment	4
Office Improvement	6-7
Vehicle	5
Office premises	15 – 33

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.3 Summary of material accounting policies *(continued)***

**Financial instruments**

**Classification of financial assets**

*Initial recognition*

On initial recognition, a financial asset is classified as measured at (i) amortized cost, (ii) Fair Value through Other Comprehensive Income (FVOCI) or (iii) Fair Value through Profit or Loss (FVTPL).

a) *Financial assets measured at amortized cost:*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the year ended on 31 December 2025 and 31 December 2024 for comparative, the Group's financial assets at amortized cost include trade receivables, other receivables, deposits, short term deposit under lien and cash and bank balances.

b) *Financial assets measured at FVOCI:*

- *Debt Instruments:* Debt Instruments may be classified as at FVOCI, where contractual cash flows are solely for payments of principal and interest on the outstanding principal, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.
- *Equity Instruments:* In case of equity instruments which are not held for trading or designated at FVTPL, the Group may irrevocably elect to recognize subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

For the year ended on 31 December 2025 and 31 December 2024 for comparative, there are no investments carried through FVOCI.

c) *Financial assets measured at FVTPL:*

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For the year ended on 31 December 2025 & 31 December 2024 for comparative, the Group carries trading investments in quoted & unquoted shares which are to be classified as measured at FVTPL.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 Summary of material accounting policies (continued)**

**Financial instruments (continued)**

**Classification of financial assets (continued)**

*Business model assessment*

The Group assesses the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior years, the reasons for such trades and their expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

*Assessment, whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as fair value of financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instruments. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

*Reclassification of financial assets:*

Financial assets are not reclassified after their initial recognition, except in the year after the Group changes its business model for managing such financial assets.

*Derecognition of financial assets:*

Any cumulative gain/loss recognized in the statement of other comprehensive income in respect of equity instruments designated as FVOCI is reclassified to retained earnings upon derecognition.

**Impairment of financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable date:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Financial instruments** *(continued)*

*Measurement of ECL*

The Company recognizes loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVPL:

- Cash at bank; and
- Receivables.

No impairment loss is recognized on equity investments.

*Credit-impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets; and
- for financial guarantees' contracts: generally, as a provision

**Financial liabilities**

*Initial recognition*

Financial liabilities are classified, at initial recognition (i) at amortized cost or (ii) at FVTPL, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value, net of directly attributable transaction costs, wherever applicable.

*Measurement of financial liabilities:*

The measurement of financial liabilities depends on their classification, as described below:

a) *Financial liabilities at FVTPL:*

Financial liabilities at FVTPL including financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL, shall be measured at fair value.

For the year ended on 31 December 2025 & 31 December 2024 for comparative, the Group has not designated any financial liability as at FVTPL.

b) *Other financial liabilities:*

After initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisitions and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

For the year ended on 31 December 2025 & 31 December 2024 for comparative, the Group's trade and other payables, bank borrowing and short-term loan were designated under this category of financial liability.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 Summary of material accounting policies (continued)**

**Financial liabilities (continued)**

*Derecognition of financial liabilities:*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

*Offsetting of financial instruments:*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Trade and other receivables**

Amount due from investors and other receivables are initially recognized at fair value plus any directly attributable transaction cost. After initial recognition, these are measured at amortized cost using the effective interest method, less any impairment losses.

An impairment allowance is calculated using the ECL approach as defined in IFRS 9. The additional information on the calculation of ECL is described above under the heading of financial instruments. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. Bad debts are written off when there is no possibility of recovery.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances, net of outstanding bank overdrafts and customer deposit.

**Provisions**

Provisions are recognized when the Group has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

**Employees' end of service benefits**

Provision is made for employees' end of service benefits. Such provision is not less than the amounts payable under the UAE Federal Labor Law and is based on the liability that would arise if the services of all employees were terminated on the reporting date.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.3 Summary of material accounting policies *(continued)***

**Revenue from contracts with customers**

The Group recognizes revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes all the benefits provided by the Group's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to contract liability.

The Group's revenue is derived from brokerage services and company act as an agent, revenue recognized as follows:

*Commission income*

Brokerage commission income is recognized at the point in time when the services have been rendered and when the Group's right to receive the income has been established. The commissions are recognized on net basis, i.e. commission earned from the customer less commission collected & paid on behalf of the exchange. The Group believes this is the most appropriate because it acts as an agent in the transaction rather than a principle.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.3 Summary of material accounting policies *(continued)***

**Revenue from contracts with customers *(continued)***

*Margin Trading income*

Income from margin trading is recognized on monthly basis, based on the daily exposure of the client. The term of the agreement is agreed by the clients by signing an agreement with each client.

*Finance income*

Interest income is recognized as interest accrues using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the net carrying amount of the financial asset.

*Advisory income*

Income from consultancy services is recognized at the point in time when the services have been rendered and when the Group's right to receive the income has been established. Income is recognized at the amount which the Group expected to receive from the customers.

**Other income**

Other income is recognized when it is received or when the right to receive is established. Other income includes below as well.

*Asset management and liquidity provider fees*

Revenue from asset management and liquidity provider services are recognized over time as the services are provided. Income from asset management and as liquidity provider is recognized as revenue over the year for which a customer is expected to continue receiving asset management and liquidity provider services.

*Stock lending and borrowing (SLB)*

Income arising from stock lending and borrowing (SLB) activities comprises lending fees and borrowing charges earned for facilitating the temporary transfer of securities to counterparties. Revenue from SLB transactions is recognized over time for the period during which the securities are lent or borrowed, as the performance obligation is satisfied continuously throughout the term of the arrangement.

**Foreign currencies**

The functional and reporting currency of the Group is the Arab Emirates Dirhams (AED). Transactions denominated in foreign currencies are translated into (AED) and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

**2.4 Significant accounting judgements, estimates and assumptions**

In preparing its consolidated financial statements in conformity with International Financial Reporting Standards, the Group has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group yearly monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when consolidated financial statements are prepared. However, this does not prevent actual figures to be different from estimates.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.4 Significant accounting judgements, estimates and assumptions *(continued)***

Key judgment, estimates and assumptions are subject to management approval. At the statement of financial position date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:

- *Impairment of Goodwill*

The impairment test on goodwill is carried out by comparing the carrying amount of goodwill balance and the recoverable amount. The recoverable amount of the business is based on the value in use ("VIU"). This valuation process used to determine the value in use includes the use of methods such as the discounted cash flows method which uses assumptions to estimate cash flows. The VIU depends on the discount rate used in the discounted cash flows model as well as the expected future cash flows.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

- *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

- *Lease term*

The lease term is a relevant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the years to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

- *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*continued*)

For the Year ended 31 December 2025

**3 GOODWILL AND OTHER INTANGIBLE ASSETS**

Pursuant to a merger agreement between Al Safwa and MFS and shareholder resolutions of respective entities dated 21 January 2016, Ministerial Resolution number (499)/2016 issued by Ministry of Economy on 19 September 2016, and Capital Market Authority ("CMA") approval dated 11 October 2016 approving the merger, the Company commenced operations and traded as a combined entity under the revised name of Al Safwa Mubasher Financial Services PSC with effect from 8 December 2016, on completion of the formalities of the UAE exchanges. The company in the year 2021 changed its name to read as BHM Capital Financial Services PSC. As a result of the merger goodwill and client relationship arose, goodwill is tested annually for the impairment and client relationship is being amortized over its useful life.

The movement in goodwill and other intangible assets during the year is as follows:

	<i>Goodwill</i> AED	<i>Client</i> <i>relationships</i> AED	<i>Software</i> AED	<i>Capital WIP</i> AED	<i>Total</i> AED
<u>Cost:</u>					
As at 1 January 2024	38,379,061	7,900,000	97,715	124,200	46,500,976
Addition during the year	-	-	-	519,480	519,480
As at 31 December 2024	38,379,061	7,900,000	97,715	643,680	47,020,456
Addition during the year	-	-	220,320	-	220,320
Transfers	-	-	561,060	(561,060)	-
As at 31 December 2025	38,379,061	7,900,000	879,095	82,620	47,240,776
<u>Amortization:</u>					
As at 1 January 2024	-	5,530,000	36,326	-	5,566,326
Charge for the year	-	790,000	21,667	-	811,667
As at 31 December 2024	-	6,320,000	57,993	-	6,377,993
Charge for the year	-	790,000	273,238	-	1,063,238
As at 31 December 2025	-	7,110,000	331,231	-	7,441,231
<u>Net book amounts:</u>					
As at 31 December 2025	38,379,061	790,000	547,864	82,620	39,799,545
As at 31 December 2024	38,379,061	1,580,000	39,722	643,680	40,642,463

Goodwill is not impaired during the year, and other intangible assets are amortized as disclosed in note 2.3. Capital WIP relates to the new software which are under development.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on 3-year projected period approved by the management.

The following key assumptions were used in the discounted cash flow model for the business:

- 12.175% per annum discount rate (31 December 2024: 14.3%)
- Average 13% per annum projected revenue growth rate (31 December 2024: 7%)
- Average 10% (31 December 2024: 6%) per annum increase for 2026, 2027 and 2028 in the operating cost and overhead. Management believes the forecasted revenue growth rate is prudent, in the UAE stock markets over the 3 years.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**3 GOODWILL AND OTHER INTANGIBLE ASSETS *(continued)***

The value in use calculation used is most sensitive to the assumptions used for growth and the discount rate. Accordingly, stress testing has been performed on these key assumptions as part of the impairment test to further inform the consideration of whether any impairment is evident. From the results of this stress test, it was concluded that no reasonably foreseeable change in the key assumptions would result in the recoverable amount being materially less than the carrying amount of the goodwill balance.

Below are the results of sensitivity on goodwill assumptions:

	2025	2024
	AED	AED
Decrease in growth rate by 1%	473,819,058	339,233,107
Increase in discount rate by 1%	428,335,110	319,200,160

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**4 PROPERTY AND EQUIPMENT**

	Furniture & Fixture AED	Computer equipment AED	Office equipment AED	Office Improvement AED	Vehicle AED	Office Premises AED	Capital WIP AED	Total AED
<b>Cost:</b>								
At 1 January 2024	2,669,371	8,157,116	6,224,811	3,103,473	691,986	21,996,021	-	42,842,778
Additions	64,352	87,200	35,994	193,500	-	-	99,000	480,046
Disposal during the year	-	-	-	-	-	-	-	-
At 31 December 2024	2,733,723	8,244,316	6,260,805	3,296,973	691,986	21,996,021	99,000	43,322,824
Additions	48,496	31,536	2,404,690	100,464	190,476	-	-	2,775,662
Disposal during the year	-	(3,400)	-	-	-	-	-	(3,400)
Transfer to assets	-	-	-	99,000	-	-	(99,000)	-
At 31 December 2025	2,782,219	8,272,452	8,665,495	3,496,437	882,462	21,996,021	-	46,095,086
<b>Depreciation:</b>								
At 1 January 2024	2,402,687	7,949,936	6,040,251	2,312,858	302,670	15,802,848	-	34,811,250
Charge for the year	137,264	127,057	84,837	342,061	125,078	756,963	-	1,573,260
Disposal during the year	-	-	-	-	-	-	-	-
At 31 December 2024	2,539,951	8,076,993	6,125,088	2,654,919	427,748	16,559,811	-	36,384,510
Charge for the year	138,790	100,355	219,312	280,437	144,126	756,963	-	1,639,983
Disposal during the year	-	(1,700)	-	-	-	-	-	(1,700)
At 31 December 2025	2,678,741	8,175,648	6,344,400	2,935,356	571,874	17,316,774	-	38,022,793
<b>Net book value:</b>								
At 31 December 2025	103,478	96,804	2,321,095	561,081	310,588	4,679,247	-	8,072,293
At 31 December 2024	193,772	167,323	135,717	642,054	264,238	5,436,210	99,000	6,938,314

Office premises include offices in Dubai & Sharjah which are mortgaged against the facility provided by bank (Note 12).

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**5 LEASES**

This note provides information for leases where the Group is a lessee. The Company has only one lease arrangement which is for Abu Dhabi office. Rental contract is for fixed period of three years.

**5(a) RIGHT-OF-USE ASSET**

<u>Cost</u>	2025 AED	2024 AED
Balance at 1 January	815,775	815,775
Additions during the year	-	-
Balance at 31 December	<u>815,775</u>	<u>815,775</u>

<u>Accumulated depreciation</u>	2025 AED	2024 AED
Balance at 1 January	294,585	22,660
Charge for the year	<u>271,925</u>	<u>271,925</u>
Balance at 31 December	<u>566,510</u>	<u>294,585</u>

<b>Right-of-use Asset – Net book value</b>	<u>249,265</u>	<u>521,190</u>
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**5(b) LEASE LIABILITY**

Balance at 1 January	453,062	661,293
Accretion of interest	76,256	134,019
Repayment of lease liability	<u>(366,451)</u>	<u>(342,250)</u>
Balance at 31 December	<u>162,867</u>	<u>453,062</u>

Disclosed as under:

Non-current liabilities	-	171,992
Current liabilities	<u>162,867</u>	<u>281,070</u>
	<u>162,867</u>	<u>453,062</u>

The lease pertains to rented office premises in use by the Group.

**6 INVESTMENT PROPERTIES**

	2025 AED	2024 AED
As at 01 January	-	-
Additions during the year	2,718,660	-
Fair value change during the year (unrealized)	<u>47,360</u>	<u>-</u>
<b>As at 31 December</b>	<u>2,766,020</u>	<u>-</u>

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**6 INVESTMENT PROPERTIES (continued)**

During the year, the Group acquired properties with a total fair value of AED 2.72 million, classified as investment property under IAS 40. These properties were received as non-cash consideration in settlement of an equity investment previously classified as a financial asset at fair value through other comprehensive income (FVOCI). The fair value was determined based on an independent third-party valuation at the date of acquisition.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, with gains or losses arising from changes in fair value recognised in profit or loss in the year in which they arise.

The fair value of the Group's investment properties is estimated using direct market comparable approach. The valuations were carried out by RICS certified professional valuer not related to the Group who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The fair values have been determined in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards. The valuation of investment properties performed by external valuer is based on the information available to them at the time of the valuation and relies on several inputs. The investment properties have been categorised as level 3 under fair value hierarchy.

Nature of property	Country	Valuation technique	Significant unobservable inputs
Residential villas	Oman	Direct Comparable approach	Comparable transactions

**7 FINANCIAL ASSETS**

**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	2025 AED	2024 AED
As at 1 January	101,480,071	2,848,738
Net Additions during the year	422,627,202	99,594,062
Fair value change during the year (unrealised)	<u>300,897</u>	<u>(962,729)</u>
As at 31 December	<u>524,408,170</u>	<u>101,480,071</u>

Investment in securities classified as fair value through profit and loss (FVTPL) represent a portfolio of investments in the quoted equity shares amounting to AED 431,908,170 (2024: AED 8,980,071) and unquoted shares amounting to AED 92,500,000 (2024: AED 92,500,000). These investments are of short-term nature and held for trading purposes. The Group has signed an undertaking which gives them right to sell these unquoted shares at fixed price. Hence, the value of these unquoted shares will be restricted at AED 92,500,000.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2025

**8 TRADE AND OTHER RECEIVABLES**

	2025 AED	2024 AED
Trade receivables (note 8.1)	594,773,622	658,780,043
Allowances for expected credit losses (note 8.2)	<u>(157,280)</u>	<u>(448,603)</u>
	594,616,342	658,331,440
Prepayments	6,430,723	4,341,434
<u>Other receivables:</u>		
Net settlement due from:		
- Dubai Financial Market	-	-
- Abu Dhabi Securities Exchange	-	26,363,800
- National Association of Securities Dealers Automated Quotations (NASDAQ)	-	17,751
Deposits (note 8.3)	19,671,584	5,526,183
Receivable from broker	1,966,808	-
Others	<u>482,053,048</u>	<u>412,017,284</u>
Total trade and other receivables	<u>1,104,738,505</u>	<u>1,106,597,892</u>

Others mainly include balances under assets management amounting to AED 197,379,844 (31 December 2024: AED 2,503,422) and liquidity provider amounting to AED 191,833,914 (31 December 2024: AED 387,290,990).

**8.1** The Group has obtained the brokerage license from CMA under registration No.604097 dated 05/08/2006, whereby the Group provides finance to its clients as a percentage of the market value of securities. These securities are considered as collateral and remains under the client's portfolio. The financing agreements are short term and the bearing interest on it. However, if the customer fails to settle within prescribed time, the management can levy interest at its own discretion.

The Company charges interest to Margin Trading clients based on signed agreements. Interest income during the year amounted to AED 103,308,468 (31 December 2024: AED 85,632,619).

Investors who borrow from the Group will need to provide additional cash or securities if the price of a stock drops against the product's minimum eligibility. In the absence of adequate collateral, the Group is also allowed to liquidate the position. The fair value of securities held as collateral against margin trading receivables as at 31 December 2025 amounts to AED 21 billion (31 December 2024: AED 17 billion).

**8.2** Movement in allowance for expected credit losses:

	2025 AED	2024 AED
At 1 January	448,603	2,361,871
Reversal of provision	-	(1,936,101)
Provision during the year	50,074	22,833
Write-off during the year	<u>(341,397)</u>	<u>-</u>
At 31 December	<u>157,280</u>	<u>448,603</u>

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

The nature of business of BHM Capital Financial Services PSC is margin lending and is primarily fully collateralised with daily netting-off, the assets monitored closely, and collateral may be liquidated when margins are below threshold or non-payment of commitment.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**8 TRADE AND OTHER RECEIVABLES (continued)**

8.3 Deposits mainly includes collateral against SLB activities.

**9 RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include, subsidiary and key management personnel or their close family members.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Transactions with related parties are conducted on terms agreed mutually between the parties.

Details of the balances with related parties at the reporting date and the significant transactions with related parties during the year are as follows:

**9(a) Transactions during the year**

	2025 AED	2024 AED
Salary and benefits provided to key management personnel	7,939,500	7,413,172

**10 CASH AND BANK BALANCES**

	2025 AED	2024 AED
Cash and bank		
- Group's deposits	2,438,682	479,265
- Customers' deposits (note 10.1)	266,602,082	247,318,164
Cash and bank	269,040,764	247,797,429
Customers' deposits	(266,602,082)	(247,318,164)
Cash and cash equivalents	2,438,682	479,265

**10.1** In accordance with the regulations issued by the Capital Market Authority ("CMA"), the Company maintains separate bank accounts for money received from its customers ("Restricted Funds") and represent these restricted funds as part of consolidated financial statements under bank and cash balances amounting to AED 266,602,082 (31 December 2024: AED 247,318,164) with the corresponding liability in amount due to customers. The restricted funds are not available to the Group other than to settle transactions executed in trading accounts of the customers.

**11 SHARE CAPITAL**

	2025 Number of shares	2024 Number of shares
Opening issued, Authorised and Paid-up capital	173,431,068	173,431,068
<u>New shares issued:</u>		
(i) cash	200,000,000	-
(ii) bonus	26,568,932	-
In issue at 31 December	400,000,000	173,431,068
Total paid in capital (AED)	400,000,000	173,431,068

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the Year ended 31 December 2025

**11 SHARE CAPITAL *(continued)***

During the year, the Group distributed 26,568,932 bonus shares to existing shareholders based on the decision of the shareholders in the Annual General Meeting (AGM) held on 21 April 2025. At the same AGM, the shareholders also approved an increase in the Company's share capital from AED 200,000,000 to AED 400,000,000. Pursuant to this resolution, the increase was affected during the year through the issuance of 200,000,000 new ordinary shares of AED 1 each to existing shareholders.

**11(a) Legal reserve**

In accordance with UAE Federal Law (32) of 2021 ("Commercial Companies Law"), a minimum of 10% of the annual profit is to be transferred to this non-distributable statutory reserve. Such transfers may cease when the statutory reserve becomes equal to half of the paid-up share capital. In the current year, AED 4,307,670 (2024: AED 3,747,879) has been transferred to legal reserve.

**12 BANK BORROWINGS**

	2025 AED	2024 AED
Ijarah facility (note a)	-	2,091,643
Short-term borrowings (note b)	214,436,467	99,110,876
Bank overdraft (note c)	405,000,000	284,999,047
	619,436,467	386,201,566
<u>Disclosed under consolidated statement of financial position as follows:</u>		
Non-current portion of borrowings	-	1,374,507
Current portion of borrowings	619,436,467	384,827,059
	619,436,467	386,201,566

- a. During the year, the Group has settled the ijara facility amount.
- b. Short term loan amounting AED 214.4 million (31 December 2024: 99.1 million) is interest bearing loan which is repayable on demand. The short-term loan is acquired from a financial institution.
- c. The Group has obtained bank overdraft facilities of AED 405 million (31 December 2024: AED 285 million). As on the reporting date, the Company has drawn down AED 405 million (31 December 2024: 285 million) which is partially secured. The facility amount is re-payable within a year. During the year, one of the Group's overdraft facilities was fully settled, leading to the concurrent release of the short-term deposit previously held as under lien security. Additionally, the Group secured a new facility during the year against which the short-term deposit is kept under lien.
- d. The finance charges are mainly from short term borrowings and overdraft facility.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2025

**13 EMPLOYEES' END OF SERVICE BENEFITS**

	2025 AED	2024 AED
Balance as at 01 January	6,528,885	4,433,875
Charge for the year	2,179,422	2,111,733
Paid during the year	<u>(1,130,263)</u>	<u>(16,723)</u>
Balance as at 31 December	<u>7,578,044</u>	<u>6,528,885</u>

**14 TRADE AND OTHER PAYABLES**

	2025 AED	2024 AED
Customers' deposits	266,602,082	247,318,164
Customers' deposits with foreign markets	41,733,638	56,113,836
Customers' Unsettled Balances	49,004,301	59,068,053
Net settlement due to:		
- Dubai Financial Market	26,430,201	2,651,644
- Abu Dhabi Securities Exchange	11,396,876	-
- National Association of Securities Dealers Automated Quotations (NASDAQ)	130	-
Short term advances	31,329	606,329
Other payables and accruals	<u>478,245,473</u>	<u>510,059,078</u>
Total trade and other payables	<u>873,444,030</u>	<u>875,817,104</u>

Others mainly include balances related to custody trades amounting to AED 150,344,991 (31 December 2024: AED 140,630,536) and liquidity provider of AED 188,818,934 (31 December 2024: AED 331,771,357).

**15 CONTINGENT LIABILITIES**

	2025 AED	2024 AED
Guarantee to Abu Dhabi Securities Exchange (ADX)	21,000,000	36,000,000
Guarantee to Dubai Financial Markets (DFM)	<u>22,000,000</u>	<u>22,000,000</u>
	<u>43,000,000</u>	<u>58,000,000</u>

The guarantees issued are secured by fixed deposits of AED 15,050,000 (31 December 2024: AED 22,196,900). These deposits are held as short term deposits under lien.

As per Capital Market Authority (CMA) regulations, a broker is required to have an enforceable bank guarantee payable to the respective stock markets. This guarantee was provided to the Abu Dhabi Securities Exchange and the Dubai Financial Market, remains valid till a written letter from the market stated end of its purpose is received to bank.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2025

**16 COMMISSION AND ADVISORY INCOME**

	2025 AED	2024 AED
Commission income net – at point in time	64,567,212	54,076,379
Advisory income	<u>1,138,982</u>	<u>1,765,115</u>
Total commission and advisory income	<u>65,706,194</u>	<u>55,841,494</u>

**17 OTHER INCOME**

	2025 AED	2024 AED
Foreign exchange gain	1,516,358	1,562,787
Other miscellaneous income	12,806,536	12,521,503
Net gain on financial assets through profit and loss	<u>21,377,372</u>	<u>4,233,600</u>
Total other income	<u>35,700,266</u>	<u>18,317,890</u>

Others miscellaneous income mainly include income from liquidity provider services.

**18 GENERAL AND ADMINISTRATIVE EXPENSES**

	2025 AED	2024 AED
Staff cost	61,860,914	59,558,330
Trading cost	16,233,369	15,257,085
Legal and professional	3,212,259	2,822,281
Depreciation on property and equipment	1,639,983	1,573,260
Registration and licensing	1,317,071	1,147,819
Amortization of intangible assets	1,063,238	811,667
Communication	2,983,776	784,472
Depreciation on right-of-use assets	271,925	271,925
Short term lease expenses	295,182	140,199
Other expenses	<u>5,516,225</u>	<u>6,297,528</u>
Total general and administrative expenses	<u>94,393,942</u>	<u>88,664,566</u>

**19 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share are calculated by dividing the profit or loss for the year attributable to owners of the Group by the weighted average number of shares outstanding during the year as follows:

	2025	2024
Profit for the year attributable to shareholders of the Group (AED)	<u>43,076,700</u>	<u>37,478,799</u>
Weighted average number of shares outstanding during the year	<u>244,963,639</u>	<u>170,867,766</u>
Basic and diluted profit per share (AED per share)	<u>0.176</u>	<u>0.219</u>

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

For the Year ended 31 December 2025

**20 CORPORATE TAX**

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. The Group's consolidated effective tax rate in respect of continuing operations for the year ended 31 December 2025 was 9.00% percent (31 December 2024: 8.92%) since the new CT Law has become effective for accounting years beginning on or after 1 June 2024. The income tax expense is recognized at an amount determined by multiplying the profit before tax for the reporting year ended 31 December 2025 by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the year.

The reconciliation of profit before tax for the year ended 31 December 2025 is presented below:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>AED</i>	<i>AED</i>
Net Profit for the year before tax expense	47,402,680	41,148,814
Income not taxable in determining taxable profit	-	(159,344)
Expenses that are not deductible in determining taxable profit	389,472	163,477
Un-realized fair value gain on investment property	(47,360)	-
Customers' doubtful debts provision	50,074	-
Taxable income at 0%	<u>(375,000)</u>	<u>(375,000)</u>
Taxable income at 9%	<u>47,419,866</u>	<u>40,777,947</u>
Tax expenses	<u>4,267,788</u>	<u>3,670,015</u>
Effective tax rate	<u>9.00%</u>	<u>8.92%</u>

Income tax expense recorded in statement of consolidated comprehensive income is as below;

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>AED</i>	<i>AED</i>
Current tax expenses	4,267,788	3,670,015
Deferred tax income	(245)	-
Prior-year tax expenses	<u>14,341</u>	<u>-</u>
	<u>4,281,884</u>	<u>3,670,015</u>

**21 FINANCIAL INSTRUMENTS**

The financial assets of the Group comprise investment at FVTPL, trade receivables, other receivables, deposits, short term deposit under lien and cash and bank balances. The financial liabilities of the Group include trade and other payables, bank borrowing and short-term loan. The accounting policies for financial assets and liabilities are set out in note (2.3).

The following table summarizes the carrying amount of financial assets and liabilities recorded as at reporting date:

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**21 FINANCIAL INSTRUMENTS (continued)**

	2025 AED	2024 AED
<b>FINANCIAL ASSETS</b>		
At amortized cost	1,432,398,546	1,382,187,411
Financial assets at fair value through profit and loss	524,408,170	101,480,071
Balance at 31 December	1,956,806,716	1,483,667,482
<b>FINANCIAL LIABILITIES</b>		
At fair value through profit and loss		
Measured at amortized cost:		
- Borrowings	619,436,467	386,201,568
- Other financial liabilities	877,878,947	879,940,178
Balance at 31 December	1,497,315,414	1,266,141,746

Fair value

The fair values of the Group's financial instruments are not materially different from their carrying values at the reporting date.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting year during which the change occurred.

**22 INFORMATION ON FINANCIAL RISKS**

The main market risks to which the Group is exposed are credit risk and equity price risk.

Market risks

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded. The Group mainly faces the following market risks:

Equity price risk:

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. The Group tries to manage equity price risks by closely monitoring the market fluctuations in the prices of equities.

Risk of disputes:

Following margin trading, the Group's exposure to risk of disputes reduced significantly as the Group immediately communicates investors of the transactions executed through SMS notification and daily emails. Further, the Group sends statement of accounts to active investors at the end of each month.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS *(continued)***

However, the Group still has limited exposure to this risk where the Group execute a wrong trade and it may have to rectify it by purchasing or selling financial instruments at unfavorable market prices.

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's balances due from stock markets and bank balances.

*Exposure to credit risk*

The carrying amount of financial assets which has been disclosed in respective notes in these financial statements represents the maximum credit exposure.

*Due from stock market*

Due from stock markets represents the net amount receivable from recognize d stock exchanges against trades executed on the last two working days of the year.

*Margin trading receivables*

The margin is the amount contributed by the Group to its clients towards the purchase of securities in their margin account. The Group secures its financial asset against collateral from the counterparties and enters into an agreement with its clients covering the financial risks.

The Group holds the right to liquidate the customer's collateral to cover the margin facility due to the drop in market value of the collateral below the threshold and the same has been agreed with the customer, hence no loss is likely to be incurred. The total collateral liquidated by the Company during the year is nil (31 December 2024: nil).

*Cash and bank balances*

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

*Guarantees*

The Group has provided guarantees to Abu Dhabi Securities Exchange and Dubai Financial Market in accordance with stock exchange listing regulations.

*Settlement risk*

The Group's activities may give rise to risk at the time of settlement of the transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Any delay in settlement is rare and monitored.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available. The Group's terms of brokerage contracts require the amounts to be received and settled in accordance with the settlement terms of the securities market. Outstanding receivables are monitored on continues basis.

The table below summarizes the maturities of the Group undiscounted financial liabilities at 31 December 2025 and 31 December 2024, based on contractual payments.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS (continued)**

	<i>Carrying amount AED</i>	<i>Contractual cash flows AED</i>	<i>Up to 3 months AED</i>	<i>3 months to 1 year AED</i>	<i>1 to 5 years AED</i>	<i>Over 5 years AED</i>
<b>2025</b>						
Clients' deposits	357,340,021	357,340,021	357,340,021	-	-	-
Bank borrowing	-	-	-	-	-	-
Due to exchanges	37,827,207	37,827,207	37,827,207	-	-	-
Other payables and accruals	478,245,473	478,245,473	478,245,473	-	-	-
Short-term loan	619,436,467	619,436,467	-	619,436,467	-	-
<b>Total</b>	<u>1,492,849,168</u>	<u>1,492,849,168</u>	<u>873,412,701</u>	<u>619,436,467</u>	<u>-</u>	<u>-</u>
<b>2024</b>						
Clients' deposits	362,500,053	362,500,053	362,500,053	-	-	-
Bank borrowing	2,091,643	2,244,138	203,039	597,585	1,443,514	-
Due to exchanges	2,651,644	2,651,644	2,651,644	-	-	-
Other payables and accruals	510,059,078	510,059,078	510,059,078	-	-	-
Short-term loan	384,109,923	384,109,923	-	384,109,923	-	-
<b>Total</b>	<u>1,261,412,341</u>	<u>1,261,564,836</u>	<u>875,413,814</u>	<u>384,707,508</u>	<u>1,443,514</u>	<u>-</u>

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market rates.

The Group is not exposed to any significant interest rate risk on its financial assets since all financial assets either interest free or carried at fixed interest rate. Interest rate risk mainly concerns to financial liabilities.

The following table analyses financial assets and financial liabilities by interest rate:

	<i>2025 AED</i>	<i>2024 AED</i>
<b>FINANCIAL ASSETS</b>		
Non-interest bearing	1,296,983,094	792,753,915
Fixed rate	659,823,622	690,913,567
	<u>1,956,806,716</u>	<u>1,483,667,482</u>
<b>FINANCIAL LIABILITIES</b>		
Non-interest bearing	877,878,947	879,940,178
Floating rate	619,436,467	386,201,568
	<u>1,497,315,414</u>	<u>1,266,141,746</u>

The Group is not exposed to any interest risk since its financial assets and liabilities are either interest free or at fixed rate of interest. Financial assets at fixed rate include amounts receivable from investors and deposits against guarantees.

Financial liabilities at fixed rate interest include short-term loans. Financial liabilities at floating rate of interest include bank borrowings.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS (continued)**

*Sensitivity analysis*

A hypothetical increase in the interest rate by 100 basis points would increase loss by AED 6,194,365 (2024: AED 3,862,016).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's financial assets designated in Saudi Riyals and US Dollars constitute the major foreign receivable which do not fluctuate much. Foreign receivables designated in currencies other than Saudi Riyals and US Dollars are insignificant in terms of amount and management believes that currency risk associated is minimal.

Financial assets analysed by currency are as follows:

	2025	2024
	AED	AED
US Dollar	787,947	695,059
Egyptian Pounds	421,882	-
Omani Riyals	4,035	3,188
Sterling Pound	-	120,091
Euro	126,722	2
Hong Kong Dollar	46,970	150,019
Australian Dollar	109,862	1
Canadian Dollar	12,534	12,441
Qatari Riyal	12,787	46,974
Swiss Franc	1	140,794
Japanese Yen	796,926	742,082
Balance as at 31 December	<u>2,319,666</u>	<u>1,910,651</u>

The analysis below calculates the effect of a possible movement of the currency rate against AED, with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A positive effect shows a potential increase in consolidated statement of profit or loss or equity, whereas a negative effect shows a potential decrease in consolidated statement of profit or loss or equity.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS (continued)**

Currency exposure as at 31 December 2025	Change in currency rate in %	Change on net profit	Change on Equity
US Dollar	+5%	10,735	10,735
US Dollar	-5%	(10,735)	(10,735)
Egyptian Pounds	+5%	273,093	273,093
Egyptian Pounds	-5%	(273,093)	(273,093)
Omani Riyals	+5%	21	21
Omani Riyals	-5%	(21)	(21)
EURO	+5%	1,484	1,484
EURO	-5%	(1,484)	(1,484)
Hong Kong Dollar	+5%	4,963	4,963
Hong Kong Dollar	-5%	(4,963)	(4,963)
Australian Dollar	+5%	2,272	2,272
Australian Dollar	-5%	(2,272)	(2,272)
Canadian Dollar	+5%	238	238
Canadian Dollar	-5%	(238)	(238)
Qatari Riyal	+5%	636	636
Qatari Riyal	-5%	(636)	(636)
Swiss Franc	+5%	0	0
Swiss Franc	-5%	(0)	(0)
Japanese Yen	+5%	1,683,697	1,683,697
Japanese Yen	-5%	(1,683,697)	(1,683,697)

Currency exposure as at 31 December 2024	Change in currency rate in %	Change on net profit	Change on Equity
US Dollar	+5%	9,469	9,469
US Dollar	-5%	(9,469)	(9,469)
Omani Riyals	+5%	17	17
Omani Riyals	-5%	(17)	(17)
Sterling Pound	+5%	1,234	1,234
Sterling Pound	-5%	(1,234)	(1,234)
EURO	+5%	0	0
EURO	-5%	(0)	(0)
Hong Kong Dollar	+5%	15,850	15,850
Hong Kong Dollar	-5%	(15,850)	(15,850)
Australian Dollar	+5%	0	0
Australian Dollar	-5%	(0)	(0)
Canadian Dollar	+5%	236	236
Canadian Dollar	-5%	(236)	(236)
Qatari Riyal	+5%	2,335	2,335
Qatari Riyal	-5%	(2,335)	(2,335)
Swiss Franc	+5%	1,539	1,539
Swiss Franc	-5%	(1,539)	(1,539)
Japanese Yen	+5%	1,567,826	1,567,826
Japanese Yen	-5%	(1,567,826)	(1,567,826)

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS** *(continued)*

Financial liabilities analysed by currency are as follows:

	2025 AED	2024 AED
Saudi Riyal	6,615,318	6,199,088
US Dollar	30,713,288	53,670,273
Kuwaiti Dinar	11,168	60,061
Bahraini Dinar	-	-
Egyptian Pounds	1,832,395	(131,110)
Omani Riyal	3,814	3,835
Sterling Pound	9,970	20,576,873
Euro	117,703	124,456
Hong Kong Dollar	605,635	7,770,886
Australian Dollar	111,070	(226)
Canadian Dollar	13,748	13,646
Qatari Riyal	12,342	38,037
Swiss Franc	1,006,147	120,802
Japanese Yen	1,033,716	746,502
Balance as at 31 December	<u>42,086,314</u>	<u>89,193,123</u>

The analysis below calculates the effect of a possible movement of the currency rate against AED, with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A positive effect shows a potential increase in consolidated statement of profit or loss or equity, whereas a negative effect shows a potential decrease in consolidated statement of profit or loss or equity.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS *(continued)***

Currency exposure as at 31 December 2025	Change in currency rate in %	Change on net profit	Change on Equity
Saudi Riyal	+5%	(337,504)	(337,504)
Saudi Riyal	-5%	337,504	337,504
US Dollar	+5%	(418,437)	(418,437)
US Dollar	-5%	418,437	418,437
Kuwaiti Dinar	+5%	(47)	(47)
Kuwaiti Dinar	-5%	47	47
Egyptian Pounds	+5%	(1,186,146)	(1,186,146)
Egyptian Pounds	-5%	1,186,146	1,186,146
Omani Riyals	+5%	(20)	(20)
Omani Riyals	-5%	20	20
Sterling Pound	+5%	(102)	(102)
Sterling Pound	-5%	102	102
EURO	+5%	(1,378)	(1,378)
EURO	-5%	1,378	1,378
Hong Kong Dollar	+5%	(63,989)	(63,989)
Hong Kong Dollar	-5%	63,989	63,989
Australian Dollar	+5%	(2,297)	(2,297)
Australian Dollar	-5%	2,297	2,297
Canadian Dollar	+5%	(261)	(261)
Canadian Dollar	-5%	261	261
Qatari Riyal	+5%	(613)	(613)
Qatari Riyal	-5%	613	613
Swiss Franc	+5%	(11,001)	(11,001)
Swiss Franc	-5%	11,001	11,001
Japanese Yen	+5%	(2,183,972)	(2,183,972)
Japanese Yen	-5%	2,183,972	2,183,972

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2025

**22 INFORMATION ON FINANCIAL RISKS (continued)**

Currency exposure as at 31 December 2024	Change in currency rate in %	Change on net profit	Change on Equity
Saudi Riyal	+5%	(316,269)	(316,269)
Saudi Riyal	-5%	316,269	316,269
US Dollar	+5%	(731,203)	(731,203)
US Dollar	-5%	731,203	731,203
Kuwaiti Dinar	+5%	(251)	(251)
Kuwaiti Dinar	-5%	251	251
Egyptian Pound	+5%	84,870	84,870
Egyptian Pound	-5%	(84,870)	(84,870)
Omani Riyals	+5%	(20)	(20)
Omani Riyals	-5%	20	20
Sterling Pound	+5%	(211,457)	(211,457)
Sterling Pound	-5%	211,457	211,457
EURO	+5%	(1,457)	(1,457)
EURO	-5%	1,457	1,457
Hong Kong Dollar	+5%	(821,044)	(821,044)
Hong Kong Dollar	-5%	821,044	821,044
Australian Dollar	+5%	(5)	(5)
Australian Dollar	-5%	5	5
Canadian Dollar	+5%	(259)	(259)
Canadian Dollar	-5%	259	259
Qatari Riyal	+5%	(1,891)	(1,891)
Qatari Riyal	-5%	1,891	1,891

Fair value estimation

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices in active markets

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table analyses, within the fair value hierarchy, the Group's financial assets measured at fair value at 31 December 2025.

	Level 1 AED	Level 2 AED	Level 3* AED	Total AED
<u>31 December 2025</u>				
Financial assets – Investment at fair value through P&L	431,908,170	-	92,500,000	524,408,170
<u>31 December 2024</u>				
Financial assets – Investment at fair value through P&L	8,980,071	-	92,500,000	101,480,071

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

For the Year ended 31 December 2025

Fair value estimation *(continued)*

\* The level 3 fair valuation is measured using price/book value multiple, the higher the unobservable input of price/book value multiple, the higher is fair value.

There has been no movement in the level 3 fair value hierarchy category during the year.

**23 SEGMENT REPORTING**

The Group operates in brokerage industry and provide margin trading services in the United Arab Emirates only, hence no material segment exits for the Group.

**24 RECLASSIFICATION OF COMPARATIVE INFORMATION**

Comparative amounts pertaining to other receivables and other payables in the consolidated financial statements have materially changed due to reclassification of liquidity provider payables from other receivables (earlier netted off against other receivables) to other payables.

	2024 AED	2024 AED	2024 AED
	Before Reclassification	Reclassification	After Reclassification
<u>TRADE AND OTHER RECEIVABLES</u>			
Others	80,245,927	331,771,357	412,017,284
 <u>TRADE AND OTHER PAYABLES</u>			
Other payables and accruals	178,287,721	331,771,357	510,059,078

Certain other comparative amounts in the consolidated financial statements, have been reclassified in order to conform to the presentation adopted in the consolidated financial statements for the year ended 31 December 2025.

**25 SUBSEQUENT EVENTS**

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements for the year ended 31 December 2025.